

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

Buena Vista – September 21, 2015

Attendance:

Member	Present
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	No
J. Cohan	No
N. Cook	Yes
T. Cook	Yes
R. Davis	Yes
J. DiPinto	No
F. Dixon	Yes
B. Fasy	Yes
R. Glen	Yes
G. Hindes	Yes
J. Horty	Yes
D. Hudson	No
K. Lewis	Yes
D. Link	No

Member	Present
A. Lubin	Yes
G. Marcozzi	Yes
J. Martin	Yes
C. Morgan	Yes
M. Morton	Yes
J. Polidori	Yes
E. Ratledge	Yes
T. Shopa	No
K. Simpler	Yes
G. Simpson	Yes
M. George Smith	No
A. Staton	No
D. Swayze	Yes
J. Twilley	No
A. Visalli	Yes
B. Whaley	Yes

Members in Attendance: 24

Members Absent: 9

Others Present: A. Aka, M. Brennan, P. Carter, V. Ford, D. Gregor, M. Jackson, J. Johnstone, S. McVay, B. Maxwell, B. Motyl, A. Penney, R. Reichardt and members of the press.

Opening Business: Mr. Martin called the meeting to order at 3:03 p.m.

He introduced Ms. Bernice Whaley, the Director of the Delaware Economic Development Office, as the newest DEFAC member.

The minutes from the June meeting were approved as submitted.

Expenditure Subcommittee:

Mr. Ratledge presented the Expenditure Subcommittee's report.

In his review of the Balance Sheet estimate, Mr. Ratledge indicated that the FY 2016 Appropriation included a Budget Act of \$3,908.5 million, Grant-in-Aid of \$43.0 million, and prior years' Continuing and Encumbered of \$201.3 million. There is no cash to the Bond Bill.

Mr. Ratledge added that estimates for Reversions to the General Fund, Encumbered and Continuing totaled \$217.2 million. As a result, the FY 2016 expenditure estimate is \$3,935.6 million. (See Table 1a for complete details).

In his review of the Functional method, Mr. Ratledge mentioned that Salaries are expected to rise by \$21.2 million. Fringe Benefits are projected to grow by \$50.2 million, with the majority of the change coming from an increase in the Health Care estimate. Mr. Ratledge pointed out that continued increases in Fringe Benefits can be expected in coming years. He indicated that Grants were forecast to decline by \$23.2 million, since the cash in the Bond Bill is no longer in this year's budget. Meanwhile, Medicaid is expected to rise by \$20.7 million. Mr. Ratledge noted that the number of individuals eligible for Medicaid average 229,000 while newly eligible enrollees average 10,000.

Ms. Visalli said that there will be cash in the Bond Bill in the coming years, as many projects need to be funded with cash. She also clarified that the Health Care estimate included funding for retiree health care. (See Table 1b for complete details).

A motion was made, seconded and approved to accept \$3,935.6 million as the expenditure estimate for FY 2016. The estimate represents an increase of \$103.0 million from FY 2015.

Revenue Subcommittee:

Mr. Lewis presented the Revenue Subcommittee's report.

Economic Outlook

Mr. Aka presented IHS Global Insight's U.S. macroeconomic assumptions and forecasts, as well as Delaware's economic forecasts. He mentioned that the Bureau of Economic Analysis (BEA) has revised U.S. Personal Income and Wages and Salaries figures after the June DEFAC meeting. As a result, June forecasts for these variables cannot be compared with the September estimates. Mr. Aka indicated that Delaware's economic forecasts have been stable between June and September. The FY 2015 estimates have benefited from additional data from the BEA.

Mr. Lewis indicated that, during the Subcommittee discussions, several members have found IHS' federal funds rate forecast for 2018 too high, and have disagreed with the firm's Brent oil price assumption for 2016.

Mr. Dixon pointed out that the Federal Reserve's GDP growth projections are well below rates predicted by IHS and other firms. He noted that the near zero interest rate policy has now been in effect for 7 years. He added that such low rates could be justified 3 - 4 years ago. Mr. Dixon believes that the Fed's current hesitancy and lack of confidence could hurt the domestic economy. He expressed his worries about unintended consequences that such low rates could create. Mr. Dixon added that he is not opposed to a rate hike of 50 basis points by December, although he does not believe that such rate increase will occur. In response to a question from Mr. Horthy concerning the beneficiaries of a rate hike, Mr. Dixon said that higher interest rates would greatly benefit savers.

General Fund Revenues - Fiscal Year 2016:

The Revenue Subcommittee recommended the following updates to June's estimates:

Revenue Category	Jun-15	Sep-15	Change
Abandoned Property	514.0	554.0	40.0
Realty Transfer Tax	65.2	90.0	24.8
Corporation Income Tax	207.0	200.0	(7.0)
PIT Refunds	(210.9)	(204.9)	6.0
Gross Receipts Tax	224.1	230.0	5.9
Personal Income Tax	1,507.9	1,511.6	3.7
Cigarette Taxes	103.9	107.0	3.1
Other Refunds	(81.9)	(84.9)	(3.0)
Public Utility Tax	45.7	48.5	2.8
Lottery	202.7	203.9	1.2
Other Revenues	95.5	96.7	1.2
Bank Franchise Tax	87.3	88.3	1.0
Insurance Taxes	54.5	55.3	0.8
Franchise Tax	681.5	682.2	0.7
Hospital Board and Treatment	45.4	46.1	0.7
Limited Partnerships & LLC's	256.0	256.7	0.7
Uniform Commercial Code	18.0	18.3	0.3
Corporate Fees	106.9	106.8	(0.1)

For a complete listing of FY 2015 estimates, see Table 2b.

Summary of Actual FY 2015 Collections and Adjustments to FY 2016 Estimate:

Mr. Gregor discussed legislative actions that were enacted after DEFAC's June forecast and which affect the FY 2016 and FY 2017 revenue forecasts.

Policy changes will raise General Fund revenue by \$71.4 million in FY 2016 and \$46.0 million in FY 2017. For FY 2016, a total of \$65 million in special fund transfers to the Transportation Trust, Farmland Preservation, Open Space, and Energy Efficiency Funds have been curtailed. \$6 million from the Division of Revenue (DOR) enhanced collection initiative and \$0.4 million in Judicial Revenue round out the FY 16 statutory changes. In addition, curtailed transfers to the TTF (\$40 million) and continued DOR enhanced collection efforts (\$6 million) comprise the FY 2017 statutory changes. (See Table 2a for complete details).

With regard to FY 2015 collections, Mr. Gregor said that actual collections were \$25.5 million higher than forecast in June. He added that \$15.0 million of the increase were due to the timing of Gross Receipts Tax and Corporate Income Tax audits.

Discussion of FY 2016 Estimates:

Net Personal Income Tax: Mr. Lewis indicated that the increase in the estimate reflected both tracking changes and adding \$4.0 million to Final payment estimate on the back of a legislative change.

Corporate Franchise Tax: Mr. Lewis noted a small increase in the estimate. Mr. Geisenberger had indicated during the Subcommittee meeting that IPO activities have been adversely affected by the ongoing turbulence in financial markets.

Corporate Income Tax: Mr. Lewis noted a decrease in the estimate. Mr. Gregor had indicated during the Subcommittee meeting that the estimate took into account \$1.0 million of DOR enhanced collection initiative. He also pointed out that an audit collection that was expected in the current fiscal year was actually booked in FY 2015.

Realty Transfer Tax: Mr. Lewis noted a large increase in the estimate. He explained that funds that would typically be transferred to Farmland Preservation and Open Space will remain in the General Fund.

Gross Receipts Tax: Mr. Lewis noted an increase in the estimate. Mr. Gregor had indicated during the Subcommittee meeting that the estimate took into account \$1.0 million of DOR enhanced collection initiative.

Public Utility Tax: Mr. Lewis noted an increase in the estimate by \$2.8 million. He indicated that, based on statutory changes alone, the estimate should have risen by \$5.0 million, which is the amount of the curtailed transfer to the Energy Efficiency Fund. However, tracking weakness has led to a lower increase in the estimate.

Abandoned Property: Mr. Lewis stated that the increase in the estimate reflected a legislative change.

Other changes were attributed to tracking.

FY 2016 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,950.6 million as the revenue estimate for FY 2016. The estimate represents an \$82.8 million increase from DEFAC's June estimate. Most of the increase (\$71.4 million) can be attributed to legislative changes.

General Fund Revenues - Fiscal Year 2017:

The Revenue Subcommittee recommended the following updates to June's estimates:

Revenue Category	Jun-15	Sep-15	Change
Abandoned Property	400.0	440.0	40.0
Personal Income Tax	1,577.6	1,587.2	9.6
PIT Refunds	(221.4)	(215.1)	6.3
Gross Receipts Tax	232.6	238.7	6.1
Realty Transfer Tax	73.6	79.0	5.4
Franchise Tax	681.5	685.6	4.1
Cigarette Taxes	101.8	104.9	3.1
Other Refunds	(82.1)	(85.1)	(3.0)
Public Utility Tax	47.3	45.1	(2.2)
Other Revenues	104.7	106.5	1.8
Lottery	204.2	205.5	1.3
Corporation Income Tax	205.0	206.0	1.0
Limited Partnerships & LLC's	268.8	269.6	0.8
Bank Franchise Tax	88.5	89.2	0.7
Hospital Board and Treatment	44.8	45.4	0.6
Uniform Commercial Code	18.2	18.5	0.3
Corporate Fees	111.2	111.1	(0.1)

For a complete listing of FY 2016 estimates, see Table 2b.

Discussion of FY 2017 Estimates:

Corporate Franchise Tax: Mr. Lewis reported an increase in the estimate. Mr. Geisenberger had indicated during the Subcommittee meeting that the growth

estimate was raised from 0.0% in June to 0.5% to reflect trend growth.

Corporate Income Tax: Mr. Lewis noted an increase in the estimate.

Abandoned Property: Mr. Lewis stated that the increase in the estimate reflected legislative changes.

FY 2017 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,947.1 million as the revenue estimate for FY 2017. The estimate represents an increase of \$75.8 million from the June estimate, of which \$46.0 million are due to legislative changes.

Mr. Lewis thanked staff of the Department of Finance and other agencies for putting together both the short and long term revenue forecasts.

Long Term Forecast: Mr. Gregor reviewed the 5-year forecasts for Net PIT, Net Franchise & LLC/LP, Bank Franchise, CIT, Gross Receipts, Lottery, Abandoned Property, Realty Transfer, Cigarette Tax and Net General Fund.

Balance and Appropriations Worksheet: Mr. Gregor presented the Balance and Appropriations worksheet. The result of this exercise is attached as Table 3.

Transportation Trust Fund (TTF)

TTF -- Expenditures: Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: There was a \$1.4 million increase from the FY 2016 Appropriation of \$339.9 million. Mr. Motyl attributed the increase to a transfer from the prior year's storm account as well as two transfers for one-time non-budgeted items.

State Capital Expenditure: There was no change from the FY 2016 Appropriation of \$195.0 million.

Federal Capital Expenditure: There was no change from the FY 2016 Appropriation of \$263.7 million.

GARVEE – US301 Capital Expenditure: There was no change from the FY 2016 Appropriation of \$24.5 million.

A motion was made, seconded, and approved to accept \$824.5 million as the FY 2016 TTF expenditure estimate. The estimate represents an increase of \$1.4 million from the FY 2015 Appropriation. (See Table 4.)

TTF -- Revenues: Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

The following changes were made from the June estimates.

FY 2016 Estimates:

Toll Road Revenues: Increased from \$180.6 million in June to \$183.1 million. Mr. Motyl attributed the increase to last year's strong performance of this revenue category.

Motor Fuel Tax Administration: Increased from \$120.3 million in June to \$121.3 million. Mr. Motyl attributed the increase to an adjustment for the June estimate.

Division of Motor Vehicles: Increased from \$176.5 million in June to \$196.5 million. Mr. Motyl attributed the change to both legislative and tracking changes.

Other Transportation Revenues: Remained unchanged at \$14.0 million.

A motion was made, seconded, and approved to accept \$514.9 million as the FY 2016 TTF revenue estimate. The estimate represents an increase of \$23.5 million from June's estimate. \$19.1 million of the change are due to a legislative change.

FY 2017 Estimates:

The following changes were made from the June estimates.

Toll Road Revenues: Increased from \$182.1 million in June to \$184.6 million.

Motor Fuel Tax Administration: Increased from \$119.4 million in June to \$121.3 million.

Division of Motor Vehicles: Increased from \$181.7 million in June to \$209.0 million.

Other Transportation Revenues: Decreased from \$14.4 million in June to \$14.2 million.

Mr. Motyl said that the FY 2017 estimates took into account the prior year's changes and collections of four months of fee increase. A motion was made, seconded, and approved to accept \$529.1 million as the FY 2017 TTF revenue estimate. The estimate represents an increase of \$31.5 million from June's estimate. (See Table 5.)

Other Business:

Mr. Martin announced the next scheduled DEFAC meeting dates:

- December 21, 2015
- March 21, 2016

Mr. Martin indicated that Subcommittee meetings will start at 1:00 p.m. in both December and March. He described the current structure of subcommittee and full council meetings, and invited suggestions that could improve the meetings.

Mr. Martin mentioned the Structural Revenue Review Advisory Council, which was tasked to analyze the state's revenue system. He noted that Advisory Council members had expressed concerns about the state's expenditures. Mr. Martin added that the Governor might soon convene an Advisory Council or a Taskforce to deal with expenditures.

Mr. Cook explained why DEFAC meetings were switched from a 2-day to 1-day format. He mentions that net receipts in FY 2017 are forecast to decline \$3.5 million from FY 2016, expressed concern about expenditure pressures, and described structural problems facing the state's current revenue portfolio.

Ms. Visalli noted that the cost increase for FY 2017 could reach \$175-180 million, of which \$100 million can be attributed to 3 items: employee and retiree health care, teachers' steps and unit counts. Ms. Visalli added that the budget gap for FY 2017 is around \$135 million when one takes into account the approved revenue estimate for that year.

In response to questions from Mr. Swayze about the revenue report produced by the Advisory Council, Mr. Cook said that the report was presented to all of the General Assembly's caucuses. He added that rating agencies have appreciated the quality of the report, and that issues expressed in it are a priority for the Governor.

Mr. Bullock stressed that the Governor is willing to address issues raised by the report. He noted that the Governor was prepared to address some concerns last year and is prepared to do so again this year.

Mr. Harty indicated that an expenditure study needs to be completed to allow for a better understanding of the state's budgetary issues and also to boost the likelihood

that the General Assembly will adopt measures designed to fix them.

Mr. Simpson noted that one bill was introduced last fiscal year from the result of the Advisory Council.

Mr. Byrd commented that the report has not been ignored and was discussed extensively in many meetings. He surmised, however, that there is no strong political will at the moment to act on the report's findings.

Mr. Hindes asked if there is someone to lead an effort to champion the report when the legislature reconvenes. He added that Mr. Horthy may be right, in that a complete study of both revenues and expenditures needs to be done.

Mr. Bullock summarized the issues facing the state into a question: "What do you want government to do, and how do you want to pay for it?" He expects the results of an expenditure committee to be very enlightening.

Mr. Swayze argued that revenues and expenditures are two different, incredibly complex topics. He believes that many of the issues raised in the revenue report (e.g., statewide property tax reassessment) can be discussed now, even in the absence of expenditure report.

Mr. Polidori highlighted some differences between Delaware and other U.S. states. When first examining Delaware's public finances, he found it a pleasant surprise that a number of services that are paid for by the local government in other states are paid for by the state government in Delaware. Mr. Polidori illustrated his point by mentioning specifically the funds spent by the State in support of public education.

Mr. Simpler mentioned that the members of the Advisory Council did not agree on an absolute level of revenue, but instead focused on trends and drivers. He added that the timing of the meetings was late in the fiscal year, and hopes that perhaps an expenditure council could start earlier and finalize its study by mid-spring.

Mr. Martin concluded the conversation by welcoming any idea about the role DEFAC can play in the promotion of the report.

There being no further business, Mr. Martin adjourned the meeting at 4:24 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2016 (\$ in millions)												
<u>September 2015 (as of 08/31/15) DRAFT</u>												
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015						FY2016
	Actual	Actual	Actual	Actual	Actual	Actual						Appropriation
Budget Act	3,091.5	3,305.3	3,508.6	3,586.8	3,718.2	3,809.5						3,908.5
Cash to Bond Bill	0.0	91.0	115.3	53.4	60.9	23.8						0.0
Grant-in-Aid	35.4	35.2	41.2	44.2	44.8	45.4						43.0
Continuing & Encumbered (from prior years)	183.7	184.9	303.7	301.1	276.4	194.8						201.3
Supplementals	0.0	0.0	0.0	0.0	0.0	0.0						0.0
Fiscal Year Spending Authority	3,310.6	3,616.4	3,968.8	3,985.5	4,100.2	4,073.5						4,152.8
LESS:												
Reversions to the General Fund	49.3	42.1	75.3	50.5	111.3	39.6						
Encumbered to next fiscal year	37.7	35.2	39.3	35.6	40.2	39.5						
Continuing to next fiscal year												
Operating Budget												
Bond Bill												
Total Continuing	147.2	268.4	261.8	240.9	154.6	161.8						
Subtotal	234.1	345.7	376.4	327.0	306.1	240.9						
Fiscal Year Budgetary Expenditures	3,076.5	3,270.7	3,592.4	3,658.5	3,794.1	3,832.6						3,935.6
% increase/(decrease)		6.31%	9.84%	1.84%	3.71%	1.01%						2.7%
Comments:												
Expenditures / Spending Authority	FY2010 92.9%	FY2011 90.4%	FY2012 90.5%	FY2013 91.8%	FY2014 92.5%	FY2015 94.1%		5-Yr Avg 91.9%				FY 2016 94.8%
Reversions / Spending Authority	1.5%	1.2%	1.9%	1.3%	2.7%	1.0%		1.6%				0.6%
Encumbered / Spending Authority	1.1%	1.0%	1.0%	0.9%	1.0%	1.0%		1.0%				0.9%
Total Continuing / Spending Authority	4.4%	7.4%	6.6%	6.0%	3.8%	4.0%		5.6%				3.7%

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2016 (\$ in millions)

September 2015 (as of 08/31/15) DRAFT

	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Sep	Difference 16 vs. '15	% change 16 vs. 15	FY2016 YTD (actual 08/31/15)	% spent FY2016 YTD	% of forecast FY2016 total	% of FY2015 total	% of FY2014 total	% of FY2013 total	% of FY2012 total
Salaries	1154.7	1200.1	1,277.4	1,285.6	1,306.8	1,338.5	1,359.7	21.2	1.6%	232.6	33.0%	34.5%	34.9%	34.4%	35.1%	35.6%
Fringe Benefits	330.9	365.4	379.5	379.0	396.0	403.0	453.2	50.2	12.5%	72.8	10.3%	11.5%	10.5%	10.4%	10.4%	10.6%
Health Care	218.9	253.0	260.6	261.7	279.1	283.1	331.6	48.5	17.1%	51.7	7.3%	8.4%	7.4%	7.4%	7.2%	7.3%
Other	112.0	112.4	118.9	117.3	116.9	119.9	121.6	1.7	1.4%	21.1	3.0%	3.1%	3.1%	3.1%	3.2%	3.3%
Pension	196.7	222.2	252.9	271.9	285.8	287.0	299.6	12.6	4.4%	69.2	9.8%	7.6%	7.5%	7.5%	7.4%	7.0%
Debt Service	174.3	169.5	144.4	144.8	158.0	163.9	169.4	5.5	3.4%	50.8	7.2%	4.3%	4.3%	4.2%	4.0%	4.0%
Grants	276.6	327.3	364.0	372.8	379.6	377.9	354.7	(23.2)	-6.1%	66.7	9.5%	9.0%	9.9%	10.0%	10.2%	10.1%
Medicaid	428.6	466.2	637.3	637.0	661.8	668.0	688.7	20.7	3.1%	119.5	17.0%	17.5%	17.4%	17.4%	17.4%	17.7%
Contractual Services	435.7	434.5	455.1	484.0	517.3	511.9	527.3	15.4	3.0%	78.0	11.1%	13.4%	13.4%	13.6%	13.2%	12.7%
Supplies & Materials	58.9	59.1	65.5	63.7	69.9	68.0	68.0	0.0	0.0%	12.0	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%
Capital Outlay	20.1	26.4	16.3	19.6	18.8	14.4	15.0	0.6	4.2%	2.4	0.3%	0.4%	0.4%	0.5%	0.5%	0.5%
FY Budgetary Expenditures	3,076.5	3,270.7	3,592.4	3,658.5	3,794.0	3,832.6	3,935.6	103.0	2.7%	704.0	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Comments:

Table 2a.

Reconciliation of June DEFAC Revenue Estimates to FY 2016 Revenue Resolution

<i>DEFAC June 2015 Net Revenue Estimate</i>	<u>FY 2016</u>	<u>FY 2017</u>
	<u>\$3,867.8</u>	<u>\$3,871.3</u>
<i>Tax Policy & Accounting Changes</i>		
TTF Escheat to General Fund	40.0	40.0
Realty Transfer Tax for Open Space to GF	10.0	0.0
Realty Transfer Tax for Farmland to GF	10.0	0.0
Energy Efficiency Fund to GF	5.0	0.0
Division of Revenue Enhanced Collections	6.0	6.0
Judicial Revenue	0.4	0.0
Total Legislative Adjustments to June DEFAC	<u>71.4</u>	<u>46.0</u>
Forecast with no Economic / Tracking Changes	<u>\$3,939.2</u>	<u>\$3,917.3</u>

Table 2b.
DEFAC General Fund Revenue Worksheet

September-15 DEFAC Meeting	FY 2015				FY 2016			
	DEFAC Jun-15	FY 2015 Actual Collections	Variance Actual - June	B	C	D	E	F
Revenue Category				DEFAC Jun-15	% B over A	DEFAC Sep-15	% D over A	\$ Increase D over B
Personal Income Tax	1,444.5	1,444.3	(0.2)	1,507.9	4.4%	1,511.6	4.7%	3.7
Less: Refunds	<u>(198.0)</u>	<u>(192.4)</u>	<u>5.6</u>	<u>(210.9)</u>	<u>9.6%</u>	<u>(204.9)</u>	<u>6.5%</u>	<u>6.0</u>
PIT Less Refunds	1,246.5	1,251.9	5.4	1,297.0	3.6%	1,306.7	4.4%	9.7
Franchise Tax	674.8	675.5	0.7	681.5	0.9%	682.2	1.0%	0.7
Limited Partnerships & LLC's	243.8	244.4	0.6	256.0	4.8%	256.7	5.1%	0.7
Subtotal Franchise + LP/LLC	918.6	919.8	1.2	937.5	1.9%	938.9	2.1%	1.4
Less: Refunds	<u>(9.1)</u>	<u>(8.9)</u>	<u>0.2</u>	<u>(10.0)</u>	<u>12.3%</u>	<u>(10.0)</u>	<u>12.3%</u>	<u>0.0</u>
Net Franchise + LP/LLC	909.5	910.9	1.4	927.5	1.8%	928.9	2.0%	1.4
Business Entity Fees	102.8	102.7	(0.1)	106.9	4.1%	106.8	4.0%	(0.1)
Uniform Commercial Code	18.0	18.3	0.3	18.0	-1.4%	18.3	0.3%	0.3
Corporation Income Tax	292.0	305.2	13.2	207.0	-32.2%	200.0	-34.5%	(7.0)
Less: Refunds	<u>(38.5)</u>	<u>(35.7)</u>	<u>2.8</u>	<u>(53.0)</u>	<u>48.3%</u>	<u>(53.0)</u>	<u>48.3%</u>	<u>0.0</u>
CIT Less Refunds	253.5	269.5	16.0	154.0	-42.9%	147.0	-45.5%	(7.0)
Bank Franchise Tax	95.2	95.0	(0.2)	87.3	-8.1%	88.3	-7.1%	1.0
Gross Receipts Tax	216.5	223.4	6.9	224.1	0.3%	230.0	2.9%	5.9
Lottery	201.0	202.3	1.3	202.7	0.2%	203.9	0.8%	1.2
Abandoned Property	515.0	514.1	(0.9)	514.0	0.0%	554.0	7.8%	40.0
Hospital Board and Treatment	45.6	46.3	0.7	45.4	-1.9%	46.1	-0.4%	0.7
Dividends and Interest	2.8	2.8	0.0	4.0	40.6%	4.0	40.6%	0.0
Realty Transfer Tax	73.5	73.6	0.1	65.2	-11.4%	90.0	22.3%	24.8
Estate Tax	6.0	5.8	(0.2)	4.0	-31.6%	4.0	-31.6%	0.0
Insurance Taxes	54.2	54.8	0.6	54.5	-0.6%	55.3	0.9%	0.8
Public Utility Tax	47.7	47.2	(0.5)	45.7	-3.2%	48.5	2.8%	2.8
Cigarette Taxes	106.0	102.7	(3.3)	103.9	1.2%	107.0	4.2%	3.1
Other Revenues	117.8	118.5	0.7	95.5	-19.4%	96.7	-18.4%	1.2
Less: Other Refunds	(82.0)	(84.8)	(2.8)	(81.9)	-3.5%	(84.9)	0.1%	(3.0)
Net Receipts	3,929.6	3,955.1	25.5	3,867.8	-2.2%	3,950.6	-0.1%	82.8

Changes in Revenue Resolution

71.4

Net DEFAC Changes

11.4

DEFAC General Fund Revenue Worksheet

September-15 DEFAC Meeting	FY 2017					FY 2018				
	G DEFAC Jun-15	H % G over B	I DEFAC Sep-15	J % I over D	K \$ Increase I over G	L DEFAC Jun-15	M % L over G	N DEFAC Sep-15	O % N over I	P \$ Increase N over L
Revenue Category										
Personal Income Tax	1,577.6	4.6%	1,587.2	5.0%	9.6	NA	NA	1,662.7	4.8%	NA
Less: Refunds	(221.4)	5.0%	(215.1)	5.0%	6.3	NA	NA	(225.5)	4.8%	NA
PIT Less Refunds	1,356.2	4.6%	1,372.1	5.0%	15.9	NA	NA	1,437.2	4.7%	NA
Franchise Tax	681.5	0.0%	685.6	0.5%	4.1	NA	NA	689.0	0.5%	NA
Limited Partnerships & LLC's	268.8	5.0%	269.6	5.0%	0.8	NA	NA	283.0	5.0%	NA
Subtotal Franchise + LP/LLC	950.3	1.4%	955.2	1.7%	4.9	NA	NA	972.0	1.8%	NA
Less: Refunds	(10.0)	0.0%	(10.0)	0.0%	0.0	NA	NA	(10.0)	0.0%	NA
Net Franchise + LP/LLC	940.3	1.4%	945.2	1.8%	4.9	NA	NA	962.0	1.8%	NA
Business Entity Fees	111.2	4.0%	111.1	4.0%	(0.1)	NA	NA	115.5	4.0%	NA
Uniform Commercial Code	18.2	1.1%	18.5	1.1%	0.3	NA	NA	18.7	1.1%	NA
Corporation Income Tax	205.0	-1.0%	206.0	3.0%	1.0	NA	NA	212.2	3.0%	NA
Less: Refunds	(42.6)	-19.6%	(42.6)	-19.6%	0.0	NA	NA	(43.5)	2.1%	NA
CIT Less Refunds	162.4	5.5%	163.4	11.2%	1.0	NA	NA	168.7	3.2%	NA
Bank Franchise Tax	88.5	1.4%	89.2	1.0%	0.7	NA	NA	91.0	2.0%	NA
Gross Receipts Tax	232.6	3.8%	238.7	3.8%	6.1	NA	NA	250.7	5.0%	NA
Lottery	204.2	0.7%	205.5	0.8%	1.3	NA	NA	211.0	2.7%	NA
Abandoned Property	400.0	-22.2%	440.0	-20.6%	40.0	NA	NA	440.0	0.0%	NA
Hospital Board and Treatment	44.8	-1.3%	45.4	-1.5%	0.6	NA	NA	45.7	0.7%	NA
Dividends and Interest	8.0	100.0%	8.0	100.0%	0.0	NA	NA	13.0	62.5%	NA
Realty Transfer Tax	73.6	12.9%	79.0	-12.2%	5.4	NA	NA	82.2	4.1%	NA
Estate Tax	4.0	0.0%	4.0	0.0%	0.0	NA	NA	4.0	0.0%	NA
Insurance Taxes	55.6	2.0%	55.6	0.5%	0.0	NA	NA	55.3	-0.5%	NA
Public Utility Tax	47.3	3.5%	45.1	-7.0%	(2.2)	NA	NA	46.7	3.5%	NA
Cigarette Taxes	101.8	-2.0%	104.9	-2.0%	3.1	NA	NA	102.8	-2.0%	NA
Other Revenues	104.7	9.6%	106.5	10.1%	1.8	NA	NA	104.3	-2.1%	NA
Less: Other Refunds	(82.1)	0.2%	(85.1)	0.2%	(3.0)	NA	NA	(85.3)	0.2%	NA
Net Receipts	3,871.3	0.1%	3,947.1	-0.1%	75.8	NA	NA	4,063.5	2.9%	NA

Changes in Revenue Resolution

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Net DEFAC Changes

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Table 2b.
DEFAC General Fund Revenue Worksheet

September-15 DEFAC Meeting	FY 2019					FY 2020				
	Q DEFAC Jun-15	R % Q over L	S DEFAC Sep-15	T % S over N	U \$ Increase T over Q	V DEFAC Jun-15	W % V over Q	X DEFAC Sep-15	Y % X over S	Z \$ Increase X over V
Revenue Category										
Personal Income Tax	NA	NA	1,742.0	4.8%	NA	NA	NA	1,825.0	4.8%	NA
Less: Refunds	NA	NA	(236.3)	4.8%	NA	NA	NA	(247.7)	4.8%	NA
PIT Less Refunds	NA	NA	1,505.6	4.8%	NA	NA	NA	1,577.3	4.8%	NA
Franchise Tax	NA	NA	692.4	0.5%	NA	NA	NA	695.9	0.5%	NA
Limited Partnerships & LLC's	NA	NA	297.2	5.0%	NA	NA	NA	312.1	5.0%	NA
Subtotal Franchise + LP/LLC	NA	NA	989.6	1.8%	NA	NA	NA	1,008.0	1.9%	NA
Less: Refunds	NA	NA	(10.0)	0.0%	NA	NA	NA	(10.0)	0.0%	NA
Net Franchise + LP/LLC	NA	NA	979.6	1.8%	NA	NA	NA	998.0	1.9%	NA
Business Entity Fees	NA	NA	120.1	4.0%	NA	NA	NA	125.0	4.1%	NA
Uniform Commercial Code	NA	NA	18.9	1.1%	NA	NA	NA	19.0	0.5%	NA
Corporation Income Tax	NA	NA	218.5	3.0%	NA	NA	NA	225.1	3.0%	NA
Less: Refunds	NA	NA	(44.8)	3.0%	NA	NA	NA	(46.1)	3.0%	NA
CIT Less Refunds	NA	NA	173.8	3.0%	NA	NA	NA	179.0	3.0%	NA
Bank Franchise Tax	NA	NA	92.8	2.0%	NA	NA	NA	94.7	2.0%	NA
Gross Receipts Tax	NA	NA	263.2	5.0%	NA	NA	NA	276.4	5.0%	NA
Lottery	NA	NA	217.3	3.0%	NA	NA	NA	223.9	3.0%	NA
Abandoned Property	NA	NA	440.0	0.0%	NA	NA	NA	440.0	0.0%	NA
Hospital Board and Treatment	NA	NA	46.0	0.7%	NA	NA	NA	46.5	1.1%	NA
Dividends and Interest	NA	NA	16.0	23.1%	NA	NA	NA	20.0	25.0%	NA
Realty Transfer Tax	NA	NA	85.4	4.0%	NA	NA	NA	88.9	4.0%	NA
Estate Tax	NA	NA	4.0	0.0%	NA	NA	NA	4.0	0.0%	NA
Insurance Taxes	NA	NA	54.8	-0.9%	NA	NA	NA	55.0	0.4%	NA
Public Utility Tax	NA	NA	48.3	3.5%	NA	NA	NA	50.0	3.5%	NA
Cigarette Taxes	NA	NA	100.7	-2.0%	NA	NA	NA	98.7	-2.0%	NA
Other Revenues	NA	NA	114.2	9.5%	NA	NA	NA	112.1	-1.9%	NA
Less: Other Refunds	NA	NA	(86.4)	1.3%	NA	NA	NA	(86.8)	0.4%	NA
Net Receipts	NA	NA	4,194.3	3.2%	NA	NA	NA	4,321.7	3.0%	NA

Changes in Revenue Resolution

Net DEFAC Changes

**Table 3.
Balance and Appropriations Worksheet**

FY 2016 EXPENDITURES		FY 2016 BALANCES		FY 2017 APPROPRIATION LIMITS	
Total Spending Authority	\$4,152.8	Total Expenditures	\$3,935.6	FY 2017 Revenue Estimate	\$3,947.1
Less: Continuing Appropriations & Encumbrances from FY 2016	(\$192.2)	vs. FY 2016 Revenues	3,950.6	Unencumbered Cash Balance from FY 16	\$145.0
Less: Reversions	<u>(\$25.0)</u>	Operating Balance	15.0	100% Appropriation Limit	\$4,092.1
Total Expenditures	\$3,935.6	Prior Year Cash Balance	<u>\$536.9</u>	98% Appropriation Limit	<u>\$4,010.2</u>
		Cumulative Cash Balance	551.9	Prior 98% Appropriation Limit	NA
		Less: Continuing Appropriations & Encumbrances from FY 2016	(192.2)	Increase (Decrease) from Prior Meeting	NA
		Less: Budgetary Reserve Account	<u>(\$214.8)</u>	Sept. 2015 98% Appropriation Limit	\$4,010.2
		Unencumbered Cash Balance 6/30	<u>\$145.0</u>	Increase (Decrease) from September 2015	\$0.0

Table 4.

Delaware Department of Transportation									
FY 2016 Expenditures, Through August 31, 2015									
	FY2014 Actual	FY2015 Actual	FY2016 Appropriation	SEPTEMBER FY2016 Forecast	\$ Difference	\$ Difference FY15 Actual	FY2016 YTD Spend	% spent YTD	17%
<u>Operations</u>									
Debt Service	112.3	107.5	103.1	103.1	0.0	(4.4)	84.3	82%	
Personnel Costs	86.4	85.2	87.3	87.3	0.0	2.1	14.8	17%	
Operations/Capital Outlay	66.1	72.0	64.1	65.5	1.4	(6.5)	10.4	16%	
Transit Operations (DTC)	83.9	85.6	85.4	85.4	0.0	(0.2)	14.2	17%	
Total Expenditures - Operations	348.7	350.3	339.9	341.3	1.4	(9.0)	123.7	36%	
<u>Capital (State)</u>			Cash Available						
Road System	92.6	80.3	99.7	99.7	0.0	19.4	10.7	11%	
Grants & Allocations	17.7	19.3	21.8	21.8	0.0	2.5	4.3	20%	
Support Systems	47.2	28.3	52.7	52.7	0.0	24.4	1.1	2%	
Transit	13.6	7.8	20.8	20.8	0.0	13.0	1.1	5%	
Total Expenditures- State Capital	171.1	135.7	195.0	195.0	0.0	59.3	17.2	9%	
<u>Capital (Federal)</u>			CTP Spend						
Federal Capital	201.3	236.9	263.7	263.7	0.0	26.8	34.4	13%	
<u>Capital (GARVEE)</u>			CTP Spend						
GARVEE - US301	7.0	10.1	24.5	24.5	0.0	14.4	0.5	2%	
Total Expenditures - Capital	379.4	382.7	483.2	483.2	0.0	100.5	52.1	11%	
TOTAL EXPENDITURES	728.1	733.0	823.1	824.5	1.4	91.5	175.8	21%	

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY 14	FY 15	% Chg.	Fiscal 2016			Fiscal 2017		
				6/15/2015 Approved	9/21/2015 Recomm	% Chg. FY 14	6/15/2015 Approved	9/21/2015 Recomm	% Chg. FY 15
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$119.9	\$121.6	1.4%	\$120.4	\$122.9	1.0%	\$121.1	\$123.6	0.6%
Route 1 Toll Road	47.6	55.8	2.9%	\$57.5	\$57.5	3.1%	\$58.2	\$58.2	1.2%
Concessions	<u>2.5</u>	<u>2.6</u>	<u>4.5%</u>	<u>\$2.7</u>	<u>\$2.7</u>	<u>5.2%</u>	<u>\$2.8</u>	<u>\$2.8</u>	<u>3.7%</u>
Total Toll Road Revenues	170.0	180.0	5.9%	\$180.6	\$183.1	1.7%	\$182.1	\$184.6	0.8%
<u>MOTOR FUEL TAX ADMIN.</u>									
	116.9	119.7	2.4%	\$120.3	\$121.3	1.4%	\$119.4	\$121.3	0.0%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	84.8	94.0	10.8%	\$96.1	\$106.3	13.0%	\$99.0	\$112.8	6.1%
Motor Vehicle Registration Fees	49.2	51.2	3.0%	\$52.2	\$53.3	4.1%	\$53.7	\$55.2	3.6%
Other DMV Revenues	<u>26.3</u>	<u>27.2</u>	<u>6.6%</u>	<u>\$28.2</u>	<u>\$36.9</u>	<u>35.6%</u>	<u>\$29.0</u>	<u>\$41.0</u>	<u>11.1%</u>
Total DMV Revenues	160.3	172.4	7.5%	\$176.5	\$196.5	14.0%	\$181.7	\$209.0	6.4%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	11.6	10.8	-1.6%	\$11.5	\$11.1	2.6%	\$11.6	\$11.2	0.9%
Investment Income(Net)	<u>2.3</u>	<u>2.9</u>	<u>16.4%</u>	<u>\$2.5</u>	<u>\$2.9</u>	<u>-0.6%</u>	<u>\$2.8</u>	<u>\$3.0</u>	<u>3.4%</u>
Total Other Transp. Revenue	13.9	13.7	-1.4%	\$14.0	\$14.0	2.2%	\$14.4	\$14.2	1.4%
GRAND TOTAL	\$461.1	\$485.8	5.4%	\$491.4	\$514.9	6.0%	\$497.6	\$529.1	2.8%
				\$23.5			\$31.5		